

SECOND ANNUAL

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12 NOON

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HEAD

Buyer registration
will take place prior
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List of cattle consigned

- 1400 No. 1½ crossbred and whiteface yearling Mexican type steers 700-850 lbs.
800 No. 1½ Brahman crossbred steers 900-950 lbs.
1000 No. 1 Brahman yearling crossbred steers 700-750 lbs.
1100 No. 1 Brahman yearling crossbred steers 675-725 lbs.
365 choice yearling steers 800-850 lbs.
200 choice yearling steers 750-900 lbs.
- 600 choice yearling steers 700-750 lbs.
700 choice quality yearling steers 700-750 lbs.
1000 choice quality yearling steers 700-750 lbs.
400 choice quality yearling steers 700-775 lbs.
250 choice yearling steers 750-800 lbs.
200 choice yearling heifers 700-750 lbs.
250 choice yearling heifers 675-750 lbs.
250 choice yearling steers 750-800 lbs.
175 choice yearling heifers 675-700 lbs.

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H. SKINNER HARDY, Bakersfield, Calif.
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owned cattle in their
first hands, which is a
requirement to consign
to this selling event.

Comments

New beef demand and consumption figures suggest that the nation's stockmen must face up immediately to the most serious problem that has confronted the beef industry since 1976: the horrible instability of the beef industry to market its product. It used to be that beef marketing programs could be proposed, discussed, a consensus reached, and action taken.

Today, instead of taking action, U.S. cattlemen seem convinced they can talk the problem to death. It isn't working! Since peaking in 1976, per capita consumption of beef is presently near a 20 year low.

During the past few years, continued growth in poultry consumption and rapid rises in pork supplies have more than offset the decline in beef supplies. It would obligate all stockmen to realize that a significant change in the overall pattern of meat consumption has occurred. In 1980 beef accounted for 37% of per capita consumption of all meats. Pork was 32% and poultry 29% of the total. Ten years earlier beef consumption represented 42% of the total, while pork and poultry accounted for only 31% and 24%, respectively.

It can be argued that consumption is not a good measure of demand since consumption of meat is a function of production. Generally, all meat produced will be consumed at some price level. However, other demand statistics don't make beef look any better.

One of the statistics used as an index of meat demand is the portion of consumer disposable income spent for meat. This statistic takes into account relationships between prices and quantities of meat, and how they relate to purchasing power.

Fact: During the first quarter of 1981 consumers spent only 2.21% of their disposable income for beef. This is the lowest figure ever recorded, and represents a continuation of the decline in this indicator from the mid-1970s.

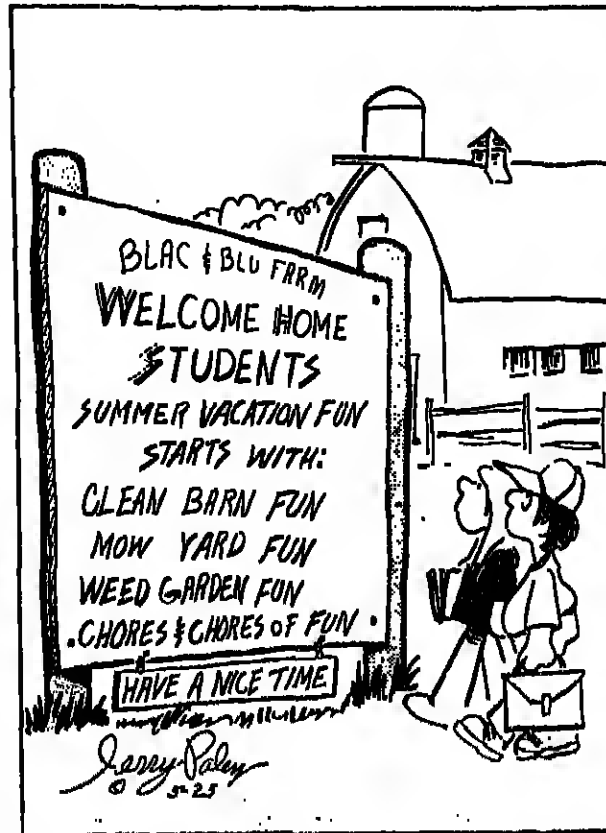
The beef industry's fumbling attempts to strike a beef marketing program has made one thing indisputably clear: An industry that ducks its marketing responsibility is doomed to financial failure. An industry that closes its eyes to marketing is a business fraud. Nothing can be gained by pretending that it is anything else.

—GLEN WICKARDSON

Livestock and meat groups feel
Government should
pay interest on bills

Four livestock and meat groups recently supported a bill that would require the federal government to pay interest to federal contractors, such as meat packers, on overdue accounts. Reports CNS, the bill, introduced by Senator John Danforth, (R-Mo.), was also supported at a Senate government affairs subcommittee hearing by a coalition of 25 diverse trade organizations whose members sell to the federal government. The Danforth legislation would require government agencies to pay their suppliers interest on bills the government failed to pay within 30 days.

STAMPEDE By Jerry Palen

BLM director cites need for
more local decision making

By LARRY MARSHALL
Robert Burford, in his first official press conference since being sworn in as director of the Bureau of Land Management, gave every indication that Reagan Administration promises will be kept and public land use streamlined.

In Denver to swear in new Colorado state director George Francis, Burford addressed many of the problems cattlemen and other public land users have had with the BLM over the past few years. Burford is working to push decision-making back to local levels, improve on the BLM image as a "good neighbor" and improve on the permit-

issuing process.

He told Western Livestock Journal his first decision in office was to push the decision-making as far down the ladder as it would go. "Those people at local and state levels know the issues and know them best," he said. "In most decisions Washington shouldn't enter into them at all."

This is part of an overall program to make the bureau more responsive, according to mandate from both President Reagan and Interior Secretary James Watt.

BLM land has limited the growth of a number of Western cities, and inflated

the value of land that is available. This serious hardship on cities will be relieved as the bureau makes more of this land available, Burford said.

"Another part of this is speeding up the permit process," he continued. "I want to add a degree of certainty to this process—give an answer, quick and with the right of appeal."

Burford indicated a new set of rangeland policies are in the draft stage and will be released soon. Under questioning, he said it wouldn't change many policies as much as it might "resurrect some that have been forgotten." These would (Continued on page 11)

Drouth
area
decreasing
in central
U.S.

The drouth area in the central U.S. has been slowly decreasing during May. Global Weather Services (GWS), said recently.

Reports CNS, rain during the past two to three weeks in northern and eastern Kansas, much of Missouri, southern Iowa and southeastern Nebraska has eased there, particularly regarding soil moisture for spring crop growth.

However, additional rain is necessary in order to completely break the drouth, including replenishing pond and stream levels and raising depleted water tables.

Portions of the northern Corn Belt remain too wet at midmonth, according to the National Weather Service and USDA, Crop Moisture Index and GWS. The wettest area of the belt is centered around Lafayette, Ind., where more than 4 inches of rain has occurred in May.

Drouth conditions have continued in the northern Plains, GWS said. Although rainfall of nearly 1 inch occurred recently in eastern Montana, the current dry pattern still includes much of the eastern half of that state and nearly all of the Dakotas and Minnesota, except southeastern Minnesota.

WESTERN
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News • Trends • Sales • Shows • Markets

May 25, 1981

Central Edition

Vol. 60, No. 30

Cattle-on-feed report bearish

Sharply lower to limit-down live and feeder cattle futures are expected following a government report showing "overplacements" in feedlots and sluggish fed-cattle marketings last month, livestock analysts told CNS.

A number of factors led cattlemen to place more cattle in feedlots than they marketed during April for the first time in at least 10 years, according to a recent USDA seven-state cattle-on-feed report, analysts said.

The low marketings are bearish for nearby contract prices while the heavy placements do not bode well for deferred contract prices, they said.

The report pegged April placements in the seven-state cattle feeding states at 139% of a year earlier, April marketings at 87% of a year earlier and total cattle on feed as of May 1st 103%.

A survey of livestock analysts compiled by CNS before the report showed average estimates for placements at 118.6% of a year

earlier, marketings at 102.9% and total cattle on feed at 97.9%.

Chuck Levitt, a livestock analyst with Shearson Loeb Rhoades Inc., projected the report would lead live and feeder cattle futures to limit down.

All three key figures in the report were bearish based on pro-report expectations, Levitt said. But the placement figure was the most negative and the heaviest pressure should come on live cattle contracts for delivery in late summer and fall, he said.

The 39% increase in the placement figure, although

compared with the eight-year low reached in April 1980, is still quite formidable, he said.

"Placements being up like this and markets being down is a shock," Levitt said. "There had to have been a lot of pent up demand and feedlots brought feeder cattle like gangbusters." A number of factors during April led cattle feeders to aggressively place cattle, said Curtis Mahon, a livestock analyst with Thomson McKinnin Securities Inc.

Advancing fed cattle prices boosted cattlemen's (Continued on page 11)

McMillan calls for
economy shake-up

By CAROLYN J. HURST
"Cattle prices are going to get better, and hog prices are going to get better, but not for awhile. And, I'll tell you why... you have to get the economy better first."

Assistant Secretary of Agriculture Bill McMillan made that comment to the annual Mountain/Plains Meat Club meeting, in Denver. Over 100 cattlemen and other meat industry supporters attended the dinner meeting on the National Western Stockshow grounds.

In his comments, McMillan outlined four major points in President Reagan's economic program that "we need your continuing support for. The people in the livestock industry have been great in helping us up to this point," McMillan said, "but the battle is long from over."

The four areas stressed by McMillan as essential to the future success of the livestock industry were:

• Balancing the budget—"We're going to cut back the fat, but not in any kind of an abusive way," the Assistant Secretary said. The food stamp and school lunch programs were two areas which will receive cuts according to McMillan.

• Tax reform—McMillan said President Reagan's tax plan is an entire tax package, not just a tax cut. "That's important to you in business. The tax package covers such things as investment credit, capital gains, accelerated depreciation," he said. "Let's call them tax incentives."

• Regulatory reform—"I don't need to tell you that there are a lot of regulations on the books that need to be changed... you're not going to do away with all regulations, but what we (in the USDA) are going to attempt to do... is try to cut away the red tape type

of regulations that we've all been living with."
• Monetary policy changes—McMillan cited high interest rates as an area which will be addressed by the administration.



McMillan

McMillan said the USDA will focus on the above areas and other issues as a team. "It's probably the first time that you've had within the Department of Agriculture a high concentration of (Continued on page 11)

NEWSPAPER (priority handling)

NEWSPAPER (priority handling)

Meat export expansion hinges on packers, trade laws, says officials

Expanding the volume of U.S. meat exports will require high-level U.S. pressure for reduction of non-tariff trade barriers and perhaps a change in meat packer attitudes toward the export market, government and industry officials told CNS.

U.S. Agriculture Secretary John Block has said placing increased emphasis on the export of value-added U.S. agricultural products, such as meat, will be one of his top trade priorities. Officials of the U.S. Trade Representative's (USTRI) Office also have cited reducing non-tariff trade barriers that limit value-added exports as a top priority.

One of the challenges the U.S. faces will be going negotiating leverage with which to push for relaxation of meat trade barriers such as quotas, several sources said.

U.S. Meat Export Feder-

ation President Alan Middelburg told CNS the best way the U.S. could gain leverage to increase market access for U.S. beef in the European Economic Community would be to fill the EEC's current 10,000-ton annual U.S. beef import quota.

Only about 1,000 tons of U.S. beef entered the EEC under that quota last year, and shipments of about 3,000 are expected this year, according to a USDA official. The EEC is considered one of the largest potential markets for U.S. beef.

However, meat packers have been hesitant to ship to the EEC while such issues as EEC health requirements and a possible EEC hormone ban remain unresolved, the USDA official said. The EEC has proffered a list of health requirements for livestock slaughter and inspection with which many U.S. meat plants cannot

comply. Although these unresolved requirements are not a total deterrent to U.S. exports, they add an element of uncertainty to the meat export business, which even under the best circumstances is a complicated one, he said.

"The government is just now coming around to the fact that the EEC health requirements are a political problem and not a veterinary problem," Middelburg said. The fact that the U.S. had approached the requirements as a veterinary problem tended to prolong the health issue.

Bryan Wadsworth, deputy director of the dairy, livestock and poultry division of USDA's Foreign Agricultural Service, said packers need to become consistent exporters if the U.S. is to substantially increase its meat export volume.

Wadsworth said many

packers have considered exporting meat only when domestic freezers are full. In addition to EEC trade barriers, U.S. exporters also face competition in other markets from subsidized EEC meat exports. Subsidized beef exports from EEC intervention stocks go mostly to Eastern Europe, the USSR and Spain, according to USDA data.

EEC member Denmark also is a competitor of the U.S. for pork sales to the Caribbean, according to the Mike Simpson of the National Pork Producers Council.

To expand market access for U.S. meat in Japan, the U.S. government needs to limit reduction of Japanese meat trade barriers to other trade issues in which Japan is interested, Middelburg said.

Under a previously negotiated formula, Japan's quota for U.S. high-quality

beef is scheduled to increase each year until reaching 30,800 tons in Japanese fiscal year 1983. Middelburg said the U.S. in 1982 should start pressuring Japan to raise the 1984 quota to at least 60,000 tons.

He said implementation of beef quality grade changes proposed by the National Cattlemen's Assn. might make U.S. beef more acceptable to foreign customers. Japanese consumers will accept heavy beef, yield-grades 4 and 5, but "for" beef causes problems in Europe where consumers are unfamiliar with marbled meat, he said.

Middelburg said mechanically deboned meat could become an important export item if it could be produced in substantial amounts. It could be sold to markets such as Southeast Asia, where there is a protein deficit.

Middelburg said the oil-rich nations, such as Saudi

Arabia and Kuwait, which have virtually no meat import restrictions, are large potential markets for U.S. beef—provided it is slaughtered according to Islamic requirements. However, pork would be almost totally excluded from Middle East markets.

For pork, the Caribbean nations have as much market potential as Japan, where pork exports are hampered by gate prices, according to Simpson. However, in the Caribbean and Venezuela—another major pork market—pork imports are mostly controlled by government-issued import licenses, he said.

Pork importers have been trying to convince the Venezuelan government to import pork year round, he said. Pork import licenses tend to be issued seasonally, mostly near the Christmas season, Simpson said.

A hungry future?

Erosion reminiscent of dirty 30's

Erosion robs this country of enough soil to cover the state of Iowa with a layer an inch thick each year, and this often comes from the best land, say USDA experts.

That's an annual loss of 5.5 billion tons of soil, a persistent statistic despite efforts to bring it down.

Farmers, ranchers and conservation specialists with USDA agencies have stepped up their fight to check the huge losses, and they're urging that much more be done in the years ahead.

Conservationists emphasize that the stakes in protecting farm topsoils have risen sharply. With so many more mouths to feed than in the past, abroad as well as in the U.S., they warn, failure to better protect the topsoil eventually would mean hunger for millions.

"Soils being taken by erosion generally are the richest in nutrients and organic matter and have the most favorable conditions for plant growth," said Norman A. Berg, chief of the USDA's Soil Conservation Service. "This constitutes a significant drain in the productive potential of land where our food is produced."

Berg cited a Farm Pond Harvest magazine story which said enough soil goes into the Mississippi River in one year to build an island a mile long, a quarter of a mile wide and 200 feet high. Such an island would contain the equivalent of

808 million carloads of phosphorus, 21,121 carloads of potassium, 291,511 carloads of calcium and 67,270 carloads of magnesium.

Berg said the soil losses are like hags of money floating down the nation's rivers. Figured at 1979 prices, USDA soil conservation specialists estimate that putting all of the lost nitrogen and phosphorus and one-fourth of the lost potassium back into the damaged land would add up to \$18 billion in just one year.

Dollars are just part of the problem. This past summer's long stretch of 100-degree-plus temperatures in some areas stirred memories of the dust clouds that engulfed Great Plains states like Oklahoma and Texas nearly half a century ago.

Although the hot, dry summer of 1980 was mild compared to the "Dust Bowl" of the mid-1930's, it did reduce food production. The recent drought piled soil dunes at the sides of buildings and on highways, sent soil into homes, muddied drinking water, made food on the table gritty and killed dreams of some farm and ranch families.

Some people living in the Great Plains preyed for rain and hung wet sheets over windows and across cribs so babies could breathe easier. Yet, this was only a relatively gentle reminder of what can happen in the future if the pace of erosion

isn't slowed, Berg said. At today's erosion rate, he said, food supplies will be seriously threatened in about 100 years. In Iowa, for example, half of the original topsoil—six to eight inches—already has been lost from sloping, unprotected land during the century the state has been farmed.

Fortunately, said Bert, the country has the know-how to bring soil erosion under control.

"By using modern conservation methods and advanced agricultural technology, we can prevent another Dust Bowl," Berg said. "Terracing, conservation tillage, contour strip-cropping, grassed waterways and other practices help save the land. Many of the country's farmers and ranchers are aware of this and are taking appropriate actions."

"However, on land that has no conservation measures, erosion continues."

Pseudorabies up on Minn. farms

Pseudorabies cases in swine and other livestock in Minnesota increased more than 25% during the first quarter of 1981, compared with the first quarter of 1980, according to Walt Mackey of the Minnesota Board of Animal Health.

Reports CNS, a study done by Mackey showed that 76% of the cases were the result of purchasing infected breeding stock or feeder pigs.

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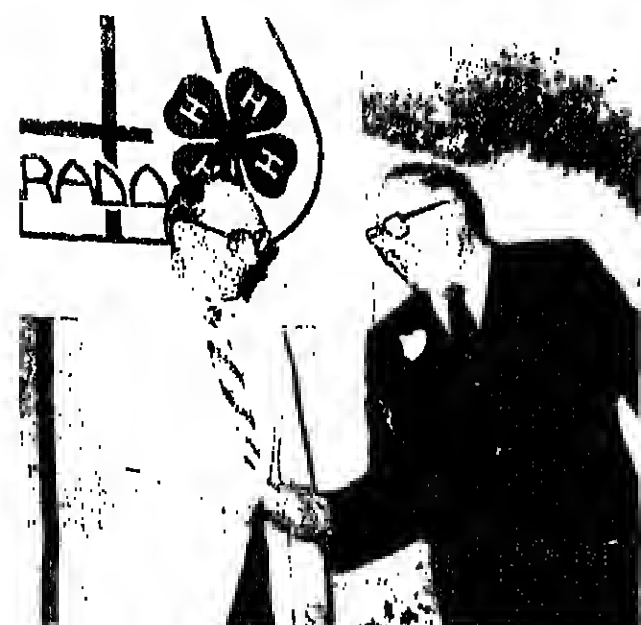
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RECOGNIZED—George Scott, Pueblo, Colorado State Fair manager, was honored recently during the annual Colorado 4-H Day activities in Denver. The 4-H alumni member received recognition for his meritorious service to 4-H. Scott is congratulated by Dr. Charles O. Noidt, acting president of Colorado State University.

Producer safeguards included in marketing act, says LMA

A revised version of the proposed Livestock Marketing Act, recently approved by Livestock Marketing Assn.'s executive committee, "balances the critical need for an undated marketing law with safeguards for the producer."

That was the assessment of LMA President Lemmy Wilson, who stressed that the revised version of the bill, represents no structural changes in the original Reform Act announced in January.

This act would replace Title III of the current Packers and Stockyards Act "with legislation more in tune with today's marketing realities."

The revised bill "reflects some of the comments and suggestions we've received since we began presenting

the legislation to the livestock industry," Wilson said.

While the Reform Act represents a thorough, "from the ground-up restructuring of marketing legislation, our bill fully provides the safeguards the entire livestock industry needs to maintain confidence in our free marketing system," he noted.

For example, the Reform Act would replace the current required "custodial account," through which a marketing business must clear all its customers' transactions, with a livestock trust account.

"This trust account would provide buyers and sellers with the financial security they need, while giving the marketing business necessary flexibility to

best manage these funds," Wilson said.

The Reform Act also provides for stiff civil penalties for failing to properly maintain the account, Wilson said.

And, he said, LMA's proposed bill significantly strengthens existing penalties for a variety of marketing frauds. "Any person convicted of fraud, embezzlement or theft under our bill, as well as any person conspiring to fix or control livestock prices, could be fined up to \$10,000, imprisoned up to 10 years, or both."

The multi-billion dollar livestock business "will always attract a minority of crooks, con artists and flim-flam men," Wilson continued, "and we want them punished."

"We see this legislation as the only effective way to replace outdated regulations and self-serving administrative decisions that are not only a burden on the marketing sector, but also are no service to the rest of the industry—breeders, growers, feeders and processors."

LMA is continuing its discussions of the necessity for marketing law modernization with key members of Congress and their aides, and is now placing the revised bill in their hands.

A copy of the revised legislation and an explanatory "Fact Sheet" are available by writing LMA, 4900 Oak Street, Kansas City, Mo. 64112.

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SHOP TALK—Visiting prior to the Redd Ranches sale, Pahrump, Colo., was Dennis Lamm (left), extension beef specialist, Colorado State University, Ft. Collins, and the Dohertys from John L. Doherty and Sons Ranch, Folsom, N.M. Doherty purchased some Red Angus bulls in the sale. (Staff photo by Jerry York)



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